

## Financial Review - First Two Quarters 2001

### Market uncertainty grew

The consolidated net sales of the Ensto Group for the first half of 2001 were 97.3 million euros. The net sales for the corresponding period last year, 101.2 million euros, include business areas that were divested in 2000. Comparable net sales grew by 7.7%. The operating profit for the first two quarters now came to 3.7 million euros as compared with 5.5 million euros last year (in comparable figures 6.0 M€):

- Net sales were 97.3 M€, an increase of 7.7% in comparable figures.
- The operating profit was 3.7 M€, i.e. 3.8 percent of net sales.
- In June Ensto sold its subsidiary Sormat Oy to the operational management of the company and two industrial investors.
- Seppo Martikainen was appointed new President and CEO of Ensto Oy effective June 4, 2001, since Petteri Walldén will take a position outside the Ensto Group.
- On average the Group had 1,700 employees during the first six months of 2001 (1,836).

The overall development of the Ensto Group continued to be satisfactory in the first two quarters of 2001. The new corporate structure took effect January 1, 2001. In an agreement from June 2001 Ensto sold Sormat Oy to external buyers. The strong product development of Building Technology continued. The new products in the EnstoNet family received very favourable market receptions. Utility Networks continued to strengthen its positions in Central Europe and is currently building a new production facility in the Gdansk region of Poland. Within the Industry business unit the demand from telecommunications customers varied strongly and the price pressure was tough.

### NET SALES AND OPERATING PROFIT

1.1.-30.6. M€	Net sales			Operating profit		
	2001	2000	Change%	2001	2000	Change%
Building Technology	30.5	28.8	+5.9	2.4	2.9	-16.3
Utility Networks	28.1	25.6	+9.6	3.3	3.2	+4.0
Enclosures and Components	15.2	14.8	+2.7	0.3	0.5	-32.9
Industry	35.7	34.5	+3.6	0.5	2.3	-79.5
-Other and eliminations	-12.2	-2.5		-2.8	-3.4	
Total	97.3	101.2	-3.8	3.7	5.5	-33.4

## **BUSINESS UNITS**

### **Building Technology**

The net sales of Building Technology continued to be favorable during the second quarter. Market demand, however, signaled declining building activity. Marketing of the EnstoNet concept, which makes the work of electrical installations faster and more effective, continued successfully in Europe. In June a new intelligent control system for homes, Ensto Smart, was launched. The system supports the control of functions such as heating, lighting and security from a wall-mounted control unit in the home. It also enables remote control of these functions away from home.

### **Utility Networks**

The demand for utility network equipment continued to be good even though the level was lower than in the first months of the year. Despite the structural changes in the energy sector maintenance of utility networks continued to be active especially in the Nordic region. In Central Europe demand has leveled off in comparison with the exceptionally strong growth recorded last year. Industrial operations in Central Europe are centralised to the Ensto Aspol company, which is currently building a new production unit in the Gdansk region of Poland.

When the President of the Utility Networks business unit Seppo Martikainen was appointed President and CEO of Ensto Oy, Markku Kokkonen was appointed his deputy in the Utility Networks business unit.

### **Enclosures & Components**

Product demand continued to grow in the Enclosures & Components business unit but the increase was smaller than in the beginning of the year. The careful investment policies of customers reflect in a shorter order book. In the United States the development of demand was weaker than in Europe and in relation to the corresponding period last year. In the first half of the year the operations of the business unit have been developed with a special view to increase the synergies provided by the different business units.

### **Industry**

The uncertainty prevailing in the demand from the telecom sector caused strong fluctuations in the operations of the Industry business unit. The contract manufacturing operations of Ensto Saloplast and TL-Coating suffered from cyclical order inflow and a strong price pressure. The development of Ensto Parts, Ensto Tools and Ensto Automation were more stable while Ensto Audel's net sales grew strongly.

In June Ensto sold the entire stock in Sormat Oy to the company's operational management and two industrial investors. Ensto Parts Oy and Meconet Oy have on 6 June 2001 signed an agreement, whereby the manufacture of stamped metal components will be outsourced effective September 1.

## **PROSPECTS**

The uncertainty in the market development increased in the second quarter. Customers postponed their investment decisions and the signs of a weakened demand from the building sector became stronger. The market situation for Ensto's products continued to be satisfactory although the level of demand was clearly weaker than in the first months of the year and the first part of last year, Ensto's best so far. Nevertheless, the successful new product launches and the excellent delivery reliability strengthen the Group's prospects for the second half of the year.

## INTERIM FIGURES

### Income Statement, Summary M€

	1-6/2001	1-6/2000*	Change%	1-12/2000*
Net sales	97.3	101.2	-3.8	200.7
Operating profit	3.7	5.5	-33.4	17.9
% of net sales	3.8	5.4		8.9
Profit before extraordinary items	2.4	4.6	-46.9	16.0

### Balance sheet total M€

6/2001	6/2000*	12/2000*
125.3	133.6	126.9

### Other Financial Information M€

Exports from Finland	30.1	26.8	+12.2	55.9
Gross investments	4.2	2.6	+65.1	8.3
% of net sales	4.4	2.5		4.1
Product development	3.4	2.8	+22.6	5.8
% of net sales	3.5	2.8		2.9
Order book	14.7	18.5	-20.5	16.3
Return on equity, %	6.5	12.0		21.8
Return on investments, %	9.9	12.7		19.9
Equity/assets ratio, %	33.2	36.9		45.5
Earnings/share, €	0.08	0.14		0.67
Equity/share, €	2.43	2.96		3.51
Personnel, on average	1,700	1,836	-7.4	1,748
Personnel, end of period	1,729	1,787	-3.3	1,649

\*The comparable figures include the divested business areas from the Group during the year 2000 i.e. the contract manufacturing of large plastic components, technical ceramics and the trace heating business.

The financial review for the first three quarters of 2001 will be published October 29, 2001.

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